



2006/07 Benefits Open Enrollment

July 1, 2006 – June 30, 2007

www.ScottsdaleAZ.gov/jobs/BeneFacts

Fiscal Year 2006/07:

First “Benefits Cycle” for Changes Since Inception in January 2004

FY 2006/07 represents the third “benefits cycle” since the new health plans were introduced in January 2004 and the first benefits cycle to have increases in health benefit premium rates and plan design changes. The same three distinct medical plans will be offered and will continue to provide quality and competitive plan choices, comprehensive coverage and cost containment strategies. There are no changes in prescription co-pays, co-insurance and mail order costs. Also, there are no changes in the employees’ dental premium rates. A nominal \$10 co-pay per visit is being introduced for Cigna Behavioral Health services.

Because the City self-insures its medical plans and one dental plan, it must adequately budget for forecasted expenditures. Willis, a national benefits consulting firm, analyzed the self-insured claims, projected total costs through June 30, 2007 and made recommendations for premium rates and plan design changes for FY 2006/07, which City Council reviewed on March 21, 2006. At City Council direction, staff developed alternative premium rates and plan design options to reduce the cost impacts to employees for FY 2006/07. On April 4, 2006, the City Council approved the premium rates and plan designs reflected herein. These new rates hold down the price increases to employees and shift more of the total cost for health benefits to the City.

Over the next several months, staff will analyze the costs associated with the City's self-funded health and dental plans to assess appropriate rate recommendations for the fiscal year beginning July 2007. In light of the higher medical claims and costs generated by participants in the MMSI PPO plan, staff will also evaluate the feasibility of converting to a different, less expensive MMSI plan for FY 2007/08. Human Resources will keep you informed and provide opportunities for your input on these important issues on an ongoing basis.

If you have individual questions about your benefits, please contact HR directly at (480) 312-7600 or by email to hr@scottsdaleaz.gov.

How Can We Help?

Human Resources (480) 312-7600 or email hr@ScottsdaleAZ.gov

¿Como Podemos Ayudar?

Por favor llámenle a Sue Sola al (480) 312-2777 si tiene alguna pregunta sobre su selección de beneficios.

Changing Your Benefits During Open Enrollment

This year's open enrollment period will begin Mon., April 17 and end on Fri., May 5, 2006. Benefit elections made during this open enrollment period will become effective July 1, 2006.

This is an optional open enrollment period – which means you only need to turn in an open enrollment form if you are making any changes to your current benefit plan selections, or if you are adding/deleting any dependents.

Each benefited employee will receive a pre-printed open enrollment form. It will show your current benefit selections and provide space for changes to be marked. If you want to change your benefits, mark the changes; verify all covered dependents; sign and return the form to Human Resources (HR 101) by Friday, May 5, 2006.

Raceway to Health! Benefit Fairs

Zoom over to an Employee Benefit Fair and get geared up to meet your benefits providers and receive free health screenings

Wednesday, April 19, 2006
One Civic Center Atrium

Tuesday, April 25, 2006
Corporation Yard

8:00 am to 4:00 pm.



Monthly Benefit Premiums

July 1, 2006 to June 30, 2007	Monthly Premium	Full Time Employee (City Contribution)	Part Time & Job Share Employee (City Contribution)
City of Scottsdale EPO Plan - Aetna Open Access Elect Choice			
Employee Only	\$295.00	\$10.00 (\$285.00)	\$81.00 (\$214.00)
Employee & Child(ren)	\$535.00	\$50.00 (\$485.00)	\$171.00 (\$364.00)
Employee & Spouse/Partner	\$640.00	\$65.00 (\$575.00)	\$209.00 (\$431.00)
Employee & Family	\$915.00	\$100.00 (\$815.00)	\$304.00 (\$611.00)
City of Scottsdale PPO Plan - MMSI (Mayo) Health Tradition			
Employee Only	\$350.00	\$65.00 (\$285.00)	\$136.00 (\$214.00)
Employee & Child(ren)	\$650.00	\$165.00 (\$485.00)	\$286.00 (\$364.00)
Employee & Spouse/Partner	\$770.00	\$195.00 (\$575.00)	\$339.00 (\$431.00)
Employee & Family	\$1,120.00	\$305.00 (\$815.00)	\$509.00 (\$611.00)
City of Scottsdale PPO Plan - Aetna Open Choice			
Employee Only	\$285.00	\$0.00 (\$285.00)	\$71.00 (\$214.00)
Employee & Child(ren)	\$485.00	\$0.00 (\$485.00)	\$121.00 (\$364.00)
Employee & Spouse/Partner	\$575.00	\$0.00 (\$575.00)	\$144.00 (\$431.00)
Employee & Family	\$815.00	\$0.00 (\$815.00)	\$204.00 (\$611.00)
HMO Dental Plan - Assurant			
Employee Only	\$10.10	\$0.00 (\$10.10)	\$2.52 (\$7.58)
Employee & Child(ren)	\$22.62	\$12.52 (\$10.10)	\$15.04 (\$7.58)
Employee & Spouse/Partner	\$16.58	\$6.48 (\$10.10)	\$9.00 (\$7.58)
Employee & Family	\$26.56	\$16.46 (\$10.10)	\$18.98 (\$7.58)
PPO Dental Plan - Delta Dental of Arizona			
Employee Only	\$30.00	\$0.00 (\$30.00)	\$7.50 (\$22.50)
Employee & Child(ren)	\$54.00	\$24.00 (\$30.00)	\$31.50 (\$22.50)
Employee & Spouse/Partner	\$66.00	\$36.00 (\$30.00)	\$43.50 (\$22.50)
Employee & Family	\$90.00	\$60.00 (\$30.00)	\$67.50 (\$22.50)

How to Change Your Benefits

Take some time to review all of the open enrollment benefit information and provider directories. Then decide if you want to change any of your benefits.

☒ **If you want to change your benefits**, mark your changes on your pre-printed enrollment form and submit it to Human Resources by Friday, May 5, 2006. If you need a form, one can be found at www.ScottsdaleAZ.gov/jobs/benefacts/forms or by calling (480) 312-7600.

☐ **If you don't want to change your benefits** do not send in a form. Your current benefits coverage will continue through June 30, 2007.



Monthly Benefit Premiums

Short-term Disability Coverage		Supplemental Life Insurance	
Benefit per Week	Employee Cost	Employee's Age	Cost per \$10,000
\$100 Benefit per Week	\$6.80	Under 30	\$0.90
\$200 Benefit per Week	\$13.60	30 to 34	\$1.10
\$250 Benefit per Week	\$17.00	35 to 39	\$1.30
\$300 Benefit per Week	\$20.40	40 to 44	\$1.70
\$350 Benefit per Week	\$23.80	45 to 49	\$2.70
\$400 Benefit per Week	\$27.20	50 to 54	\$3.50
\$500 Benefit per Week	\$34.00	55 to 59	\$6.10
How Can We Help? Human Resources (480) 312-7600 or email hr@ScottsdaleAZ.gov ¿Como Podemos Ayudar? Por favor llamenle a Sue Sola al (480) 312-2777 si tiene alguna pregunta sobre su selección de beneficios.		60 to 64	\$7.90
		65 to 69	\$13.00
		70 to 74	\$21.50
		75 to 89	\$36.00
		Children Coverage per \$2,000	\$0.40

Basic, Commuter & Supplemental Life Insurance

Basic Life Insurance

As a benefited employee, you receive a basic life insurance benefit equal to one times your annual salary rounded up to the nearest \$1,000 through CIGNA Life Insurance.

Commuter Life Insurance

The city also provides a \$200,000 life insurance benefit that will cover benefited employees while traveling on business and also while traveling to and from work.

Supplemental Life Insurance

In addition to basic life insurance, you may apply to purchase supplemental life insurance coverage for yourself, spouse/partner and dependents.

- For yourself, you may purchase a maximum of \$300,000, in units of \$10,000. This amount cannot exceed five times your annual salary.
- For your spouse/partner, you may purchase up to a maximum of \$150,000, in units of \$10,000. Monthly premium rates for self and spouse/partner coverage are based on the employee's age.
- For your children, you may purchase up to the maximum of \$10,000, in units of \$2,000. Monthly cost is 40 cents per \$2,000 of coverage.

You must purchase additional life insurance on yourself or spouse in order to be eligible to purchase coverage for your children. Coverage is subject to the approval of CIGNA Life Insurance. You may apply for new coverage at any time, but must satisfy the insurability requirement. You may also make changes to current coverage at any time.

Short-term Disability

Short-term disability coverage is an optional benefit that provides you with continuing income if you have a medically certified health condition and are unable to perform your job duties. The amount of short-term disability benefit that you receive is based on your selection of a weekly benefit, which cannot exceed 70% of your basic weekly salary. You can begin receiving short-term disability benefits once you have met the eligibility requirements and your accrued medical leave has been exhausted. Contact HR at (480) 312-7600 to file a claim.

Thirteen (13) weeks is the maximum number of weeks that short-term disability benefits are payable. You may wish to evaluate your leave balances on a recent paycheck to see if you need to carry this benefit.

Medical Coverage Comparison Chart

July 1, 2006 to June 30, 2007	Aetna Open Choice PPO		Aetna Open Access Elect Choice EPO	MMSI (Mayo) PPO	
	In-Network Benefits	Out-of-Network Benefits		In-Network Benefits	Out-of-Network Benefits
Choice of Physician	Choice of in-network physician(s) or out-of-network physician(s)		Choice of in-network physician(s) only, no pre-selection of a primary care physician necessary	Choice of in-network physician(s) or out-of-network physician(s)	
Deductible per Plan Year	\$1,750 Individual \$3,500 Family	\$3,500 Individual \$7,000 Family	None	\$500 Individual \$1,000 Family	\$1,000 Individual \$2,000 Family
Annual Out-of-Pocket Maximum	\$4,000 Individual \$8,000 Family	\$6,000 Individual \$12,000 Family	\$1,500 Individual \$3,000 Family	\$3,000 Individual \$6,000 Family	\$4,000 Individual \$8,000 Family
Basic Care					
Primary Physician Office Visits (Family & General Practice, Internal Medicine, OB/GYN & Pediatrician)	90% after deductible	70% after deductible	\$15 co-pay per visit	\$15 co-pay per visit	70% after deductible
Specialist Physician Office Visit	90% after deductible	70% after deductible	\$30 co-pay per visit	\$30 co-pay per visit	70% after deductible
Outpatient X-ray & Laboratory	90% after deductible	70% after deductible	No co-pay	90% after deductible	70% after deductible
Physical, Occupational, Speech Therapy (maximum 60 visits per plan year)	90% after deductible	70% after deductible	\$15 co-pay per visit	90% after deductible	70% after deductible
Hearing & Vision					
Hearing Examinations	\$10 co-pay per visit	No benefit	\$10 co-pay per visit	\$10 co-pay per visit	No benefit
Vision Basic Examinations	\$10 co-pay per visit	No benefit	\$10 co-pay per visit	\$10 co-pay per visit	No benefit
Vision Materials (frames, lenses, contact lens exam/fitting, etc.)	Discounts available through Vision One program at Sears, JC Penney & Target		Discounts available through Vision One program at Sears, JC Penney & Target	Discounts available through VSP	
Wellness					
Routine Physicals, Exams, Pap Smears and Mammograms	90% after deductible	70% after deductible	\$15 co-pay per visit, Mammograms - no co-pay	\$15 co-pay per visit	70% after deductible
Well Baby Care	90% after deductible	70% after deductible	\$15 co-pay per visit	\$15 co-pay per visit	70% after deductible
Chiropractor (maximum 20 visits per plan year)	90% after deductible	70% after deductible	\$15 co-pay per visit	90% after deductible	70% after deductible
Immunizations/Allergy Injections	90% after deductible	70% after deductible	No charge	No charge	No charge
Maternity Care					
Office Visits	90% after deductible	70% after deductible	\$15 co-pay first visit	\$15 co-pay first visit	70% after deductible
Delivery	90% after deductible	70% after deductible	\$300 co-pay	90% after deductible	70% after deductible
Inpatient Hospital Care & Outpatient Surgery					
Inpatient Hospital	90% after deductible	70% after deductible	\$300 co-pay per admission	90% after deductible	70% after deductible
Outpatient Surgery	90% after deductible	70% after deductible	\$150 co-pay	90% after deductible	70% after deductible

July 1, 2006 to June 30, 2007	Aetna Open Choice PPO		Aetna Open Access Elect Choice EPO	MMSI (Mayo) PPO	
	In-Network Benefits	Out-of-Network Benefits		In-Network Benefits	Out-of-Network Benefits
Emergency Care & Urgent Care					
Emergency Room (waived if admitted)	\$100 co-pay, plus 10% co-insurance after deductible	\$100 co-pay, plus 10% co-insurance after in-network deductible	\$100 co-pay	\$100 co-pay, plus 10% co-insurance after deductible	\$100 co-pay, plus 10% co-insurance after in-network deductible
Urgent Care Facility	\$50 co-pay, plus 10% co-insurance after deductible	\$50 co-pay, plus 10% co-insurance after in- network deductible	\$50 co-pay per visit	\$50 co-pay, plus 10% co-insurance after deductible	\$50 co-pay, plus 10% co-insurance after in- network deductible
Ambulance					
Ground	90% after deductible	70% after deductible	No co-pay	90% after deductible	90% after deductible
Air	90% after deductible	70% after deductible	No co-pay	90% after deductible	90% after deductible
Extended Care					
Home Health Care (maximum 40 visits per plan year)	90% after deductible	70% after deductible	\$15 co-pay per visit	90% after deductible	70% after deductible
Skilled Nursing (maximum 60 days)	90% after deductible	70% after deductible	\$150 co-pay per admission	90% after deductible	70% after deductible
Hospice Care	90% after deductible	70% after deductible	No co-pay, no deductibles	90% after deductible	70% after deductible
Prescriptions					
Generic	10% co-insurance (\$10 min-\$20 max)	50% co-insurance	10% co-insurance (\$10 min-\$20 max)	10% co-insurance (\$10 min-\$20 max)	50% co-insurance
Brand Name	20% co-insurance (\$20 min-\$40 max)	50% co-insurance	20% co-insurance (\$20 min-\$40 max)	20% co-insurance (\$20 min-\$40 max)	50% co-insurance
Non-Formulary	40% co-insurance (\$40 min-\$80 max)	50% co-insurance	40% co-insurance (\$40 min-\$80 max)	40% co-insurance (\$40 min-\$80 max)	50% co-insurance
Mail Order Generic	\$20 (90-day supply)	No benefit	\$20 (90-day supply)	\$20 (90-day supply)	No benefit
Mail Order Brand Name	\$50 (90-day supply)	No benefit	\$50 (90-day supply)	\$50 (90-day supply)	No benefit
Mail Order Non- Formulary	\$100 (90-day supply)	No benefit	\$100 (90-day supply)	\$100 (90-day supply)	No benefit
Mental Health					
CIGNA Behavioral Health Outpatient Psychological Consultations	\$10 co-pay, no deductibles		\$10 co-pay, no deductibles	\$10 co-pay, no deductibles	
Non-CIGNA Behavioral Health Outpatient Psychological Consultations	In-network 90% after deductible, out-of- network 70% after deductible		No benefit	90% after deductible	
CIGNA Behavioral Health Inpatient Care	No benefit		\$150 co-pay per admission; covered at 80%	No benefit	
Non-CIGNA Behavioral Health Inpatient Care	\$150 co-pay per admission, covered at 80%		No benefit	\$150 co-pay per admission, covered at 80%	
Maximum Lifetime Benefit					
Lifetime Maximum	\$2,000,000		None	\$2,000,000	

Dental Plans

The City of Scottsdale offers you a choice between two types of dental plans.

HMO Dental Plan - Assurant

The Assurant Dental HMO provides services by a pre-selected general dentist. Services are listed with co-payments on a benefit schedule. Specialist services are available through your primary care dentist or a plan specialist with co-payments or discounts off the plan specialists' normal retail charges depending upon the procedure.

PPO Dental Plan – Delta Dental of Arizona

The PPO Dental Plan is a City of Scottsdale self-insured dental program offered to employees on a voluntary basis. It has a preferred provider network. The preferred provider network is Delta Dental of Arizona – Premier Plan. You have the freedom to select the dentist of your choice, but if you utilize a preferred provider dentist, you will receive a higher level of coverage. This plan also allows you to go out of the plan network, which may be a higher cost to you.

Dental Coverage Comparison

	HMO Assurant	PPO Delta Dental
Network	Assurant Summit Network	Delta Dental of Arizona Premier Plan
Choice of Dentist	Must choose participating primary dentist	Choice of PPO or Non-PPO dentist
Annual Deductible	None	\$50 Individual/ \$150 Family
Annual Maximum Benefit	None	\$1,500 per Individual
Routine Cleanings	Two per year, \$7 co-pay	Two per plan year In-network covered at 100% after deductible; Out-of-Network covered at 90% after deductible
Major Services	Per schedule of co-payments or 15-25% off participating specialist fees	In-network covered at 60%; Out-of-Network covered at 50% after deductible
Orthodontia	For adults and children, 25% discount off participating orthodontist retail price	For dependents under the age of 19, 50% coverage for each orthodontia claim submitted up to \$1,500 lifetime orthodontic maximum per person

Definition of a Full-time Student

To remain eligible for coverage under the City's benefit plans, dependent children age 19 to 25 of active employees, retirees and COBRA participants, must be enrolled for some part of five calendar months of the tax year for the number of hours or courses that are required to be considered a full-time student by the qualified educational organization. Human Resources will contact affected individuals each year to verify student status.

Domestic Partner Coverage

Health insurance coverage may be extended to an employee's domestic partner and child(ren). Every domestic partner benefits enrollee is required to complete a notarized Domestic Partnership Affidavit with the relevant supporting documentation. Contact Ken Nemec at (480) 312-7803 or Nancy Love at (480) 312-2746 to select or change domestic partner coverage and to discuss important tax considerations.



ICMA-RC 457 Plan Deferred Compensation

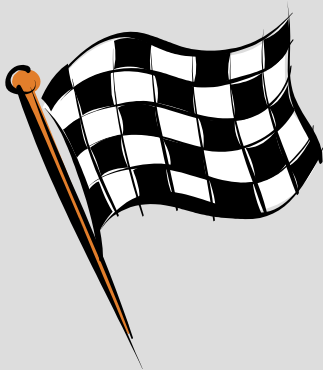
The city's deferred compensation program, through ICMA Retirement Corporation (ICMA-RC), allows you to save and invest today for your retirement. Federal and Arizona state income taxes are deferred until your assets are withdrawn, after retirement when you may be in a lower tax bracket. You may start or change an ICMA account at any time.

Under Section 457 of the Internal Revenue Code, you may defer a maximum of 100% of your "gross compensation" each year or an annual dollar limit, whichever is less. The dollar limit is \$15,000 for calendar year 2006 and after 2006, the contribution limit will be indexed to inflation in \$500 increments.

Group Home, Auto & Renters Insurance Rates

Liberty Mutual continues to offer employees Group Savings Plus – a program that provides savings on your auto, home and renters insurance of up to 10%. Group Savings Plus also features convenient payroll deduction with no finance charges, no down payment required, convenient 24-hour claims service and roadside assistance.

If you are interested in learning more about the group auto and home insurance program offered, or would like to request a quote, contact the Liberty Mutual representative, Greg Evans at www.Libertymutual.com/lm/gregoryevans or call (480) 483-8467, extension 206.



2006/2007 Benefits Guide

This guide represents a summary of benefits provided by the City of Scottsdale to benefited employees. Every effort has been made to report information accurately. All information, including the amount of any benefit and employee eligibility of benefits, is subject to and governed by the terms and conditions of the applicable policy or plan documents. In all cases where any of the information provided in this guide differs from the amount of benefit actually provided by the policy or plan, the terms of the legal documents will control.

Life Status Changes & Special Enrollment Notice

Other than during open enrollment, you may make changes to your benefit selections only when you experience a qualified life status change such as the birth of a child, marriage or divorce. If you experience a qualified life status change, you may add or cancel dependents, but you may not change plans. You must notify HR within 30 days of a qualified life status change. It is your responsibility to notify HR when a dependent (spouse/domestic partner or child) is no longer eligible for coverage. Failure to cancel an ineligible dependent from your coverage within 30 days will make you responsible for any claims incurred by an ineligible dependent and may result in disciplinary action, up to and including, termination.

If you had previously declined enrollment for yourself or your dependents (including your spouse) because of other health insurance or group health plan coverage, you may be able to enroll yourself and your dependents in one of the City's plans if you or your dependents lose eligibility for that other coverage (or if the employer stops contributing toward your or your dependent's other coverage). However, you must request enrollment within 30 days after your or your dependent's other coverage ends (or after the employer stops contributing toward the other coverage). To request special enrollment or to obtain more information, contact Human Resources at 480-312-7600.

Employee Network Discounts

The City of Scottsdale has teamed up with the Employee Network to bring a variety of discounts to employees. In order to receive your discount, all you need to do is show your City of Scottsdale ID card at any participating Employee Network merchant.

To view a list of merchants, please go to www.employeenetwork.com or view the link through the Employee Services Deals and Discounts information under Human Resources on the city's Intranet site.

Changing Medical Plans During Open Enrollment?

If you decide to change medical plans during open enrollment, in most instances, all medical treatment received on or after July 1, 2006 must be provided through your new plan in order to receive benefits. However, special transition of care rules may apply in the cases of pregnancy, terminal illness, postoperative care and radiation/chemotherapy courses of treatment. In these cases application can be made to your new plan (Aetna or MMSI) to provide benefits until such time as treatment can be transitioned to the new plan. If you would like to schedule a personal appointment with a benefit advisor please call either Nancy Love at (480) 312-2746 or Ken Nemec at (480) 312-7803.

Wellness Works



Human Resources is embarking on a new Employee Health and Wellness Program called 'Wellness Works.' The program goal is to assist employees in living healthier and more productive lives to have a direct impact on reducing health care costs and increasing productivity by providing a positive, healthy work environment. The goal is to offer employees a variety of programs that include health screenings, education, and behavior modification programs. During the Benefit Fairs, stop by for cholesterol, glucose and bone density testing. In the fall we plan to again offer Flu and Pneumonia immunizations. Check out the schedule below and become a part of Fitness Friday's - your first step towards a healthier lifestyle!

Fitness Fridays

Classes are taught by Romy Seleznov, a certified personal trainer, fitness instructor, coach and professional health teacher, three times Ms. Fitness Arizona and author of the Mind-Body Wellness book.

Reading Food Labels

This fun, interactive seminar will teach you how to read and understand nutrition labels. Use actual food labels to learn how to decipher the standard food label for the information that is most important to you and your goals.

May 5, 2006	11:30 a.m. – 1:00 p.m.	Community Design Studio
May 12, 2006	11:30 a.m. – 1:00 p.m.	Corp Yard Wrangler Room

Workout Smarter Not Harder

It is not necessary to spend hours in the gym to achieve health benefits and the physique you desire. Learn to save time, money and energy while incorporating all the three areas of fitness: strength, flexibility and cardiovascular activity.

May 19, 2006	11:30 a.m. – 1:00 p.m.	Community Design Studio
May 26, 2006	11:30 a.m. – 1:00 p.m.	Corp Yard Wrangler Room

Register for these classes through Scottsdale University from the city's intranet home page.

Disease Management

Disease Management - Get Involved in Your Health

Research shows individuals with, or who have the predisposition to, chronic conditions such as asthma, diabetes, congestive heart failure, depression, obesity and coronary artery disease and participate in disease management programs can help avoid complications and improve your quality of life, as well as reduce overall healthcare costs.

The health carrier identifies individuals for participation, through a variety of methods, including self or physician referral, carrier patient management systems and pharmacy data. Participation is voluntary. Individuals who participate receive education materials and in some cases, individual case management, with an emphasis on making positive life style changes, as well as ongoing telephone access to disease management health care professionals.

For more information on the Disease Management programs offered by Aetna and MMSI please contact the carrier customer service number shown on the last page of this brochure or call the Benefits Helpline at 312-7600

Tools for Better Health

The following wellness, educational and special medical care programs are included in the Aetna and MMSI medical plans. For additional information contact your respective plan's customer service department or website.

Aetna EPO & PPO Plan Features

24-Hour Informed Health® Line

1-800-556-1555 Available 24-hours a day, 365 days a year.

Navigator™ Online member self-service website. Access claims, coverage and consumer health information.

Fitness Program Discounts on membership rates at independent health clubs contracted with GlobalFit.

National Medical Excellence Program® Program to assist members facing transplant or other complex medical procedures.

Moms-to-Babies™ Maternity management program.

Healthy Outlook Program® Reaches out to members at risk for certain chronic conditions such as asthma, heart failure, diabetes and low back pain.

MMSI Plan Features

Ask Mayo Clinic 1-800-876-8408 Registered nurses answer members' health care questions and concerns - available 24-hours a day, 365 days a year.

Mayo Clinic Health Quest Newsletter Informative medical information mailed monthly.

Pregnancy Care Program Close monitoring of at-risk pregnancies by the provider and the Pregnancy Care Program nurse can help avoid complications and ensure early intervention when necessary.

Diabetes and Asthma Programs Offered to members identified with these specific conditions.

Tobacco Quitline Program A telephone-based counseling program that utilizes the resources of Mayo Clinic to help members overcome nicotine dependence.

Alternative Health and Enhanced Vision Services Available Through Health Insurance Plans

Aetna EPO and PPO

- Members receive discounts on a wide variety of products and services not otherwise covered under the medical plan including chiropractor, acupuncture and massage therapy. Further information is available at www.aetna.com or by calling Aetna Member Services at 1-877-204-9064.
- Discounts on eyeglass lenses and frames are available through the Vision One Discount Program. Contact Vision One at 1-800-793-8616 for more information or to locate a provider near you.
- Reminder – “vision exams” are covered under the medical plan by an Aetna network doctor for a \$10 co-pay.

MMSI

- Members also receive discounts on a variety of products and services including chiropractor, acupuncture, dietician and massage therapy through the American Specialty Health Network. More information can be obtained by calling 1-877-335-2746.
- Discounts on vision care services are available through VSP. More information about discounts and providers can be obtained at vsp.com or 1-800-877-7195.
- Reminder – “vision exams” are covered under the medical plan by an MMSI network doctor for a \$10 co-pay.

Additionally, employees covered by any one of the medical plans are eligible to receive discounts on products and services through the CIGNA Healthy Rewards Program. Further information is available at www.cignabehavioral.com or by calling 1-800-554-6931.

Assurant Dental Plan members receive discounts on vision care services through VSP. More information about discounts and providers can be obtained at www.VSP.com or 1-800-877-7195.

As shown above, discounts on a wide variety of vision and alternative health services are available to employees through our existing health insurance providers. Please be aware that there are no contract extensions available beyond June 30, 2006 for our current EyeMed Enhanced Vision and Alternative Healthcare Options plans. Employees currently enrolled in either of these two plans will need to conclude utilization of the respective plan by June 30, 2006.

Critical Care and Cancer Insurance Offered by Colonial Life

Beginning July 1, employees wishing to continue their Critical Care and Cancer Insurance coverage can do so by paying Colonial Life directly. Contact a Colonial Life representative at 1-800-845-7330 for information on how to continue coverage through direct pay. Payroll deductions for this benefit will end with the June 16th paycheck.

Where to Find a HIPAA Privacy Notice for the Group Health Plan

HIPAA Privacy pertains to the following group health plan benefits sponsored by the City of Scottsdale.

- Self-funded Medical and Dental Plans
- Third Party Administrator for Medical Claims (TPA)
- Prescription Benefit Management (PBM)
- The Medical Reimbursement Account provisions of the Flexible Spending Account
- COBRA Administration

To obtain a copy of this HIPAA Notice of Privacy Practice for the above noted group health plan benefits, write or call the Human Resources Department at City of Scottsdale 7575 E. Main Street, Scottsdale, AZ 85251 – 480-312-7600 or access your benefits website at www.scottsdaleaz.gov.

Annual Notice: Women’s Health and Cancer Rights Act (WHCRA)

Your group health plan, as required by the Women’s Health and Cancer Rights Act of 1998, provides benefits for mastectomy-related services including reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy (including lymphedema). For more information call Human Resources at 480-312-7600.

This coverage is subject to any plan copayments, referral requirements, annual deductibles and coinsurance provisions that may be applicable, consistent with those established for other benefits under the plan. These provisions are described in the Plan’s Summary Plan Description (SPD).

Important Notice from the City of Scottsdale for People with Medicare

This notice is for people with Medicare. It has information about your current prescription drug coverage with the City of Scottsdale and the new Medicare prescription drug coverage available January 1, 2006 to everyone with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage. Please read this notice carefully and keep it where you can find it.

This announcement is required by law whether the group health plan's coverage is primary or secondary to Medicare. Because it is not possible for our Plan to always know when a Plan participant has or will soon become eligible for Medicare we have decided to send the attached Notice to all of our plan participants.

- If you are not now eligible for Medicare and will not be eligible during 2006 you may disregard this Notice.
- If, however, you and/or your family members are now eligible for Medicare or may become eligible for Medicare during 2006, you should read the attached Notice very carefully.

If you have Medicare or will become eligible for Medicare in the next 12 months, a new Federal law gives you more choices about your prescription drug coverage. Please read this Notice for important information.

The City of Scottsdale has determined that the prescription drug coverage offered under the following three self-funded plan options: MMSI Health Tradition, Aetna Open Choice PPO and Aetna Open Access Elect Choice EPO Plan is "creditable". "Creditable" means that the value of this Plan's prescription drug benefit is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay.

Because your existing prescription drug coverage noted above is, on average, at least as good as the standard Medicare prescription drug coverage, you can keep your prescription drug coverage under the City of Scottsdale Medical Plan options and you do not have to enroll in the Medicare prescription drug program for 2006. You may enroll in Medicare drug coverage at a later time, and because you maintain creditable coverage, you will not have a late enrollment fee.

What do people with Medicare need to do

First: Read this notice carefully - it explains the options you have under Medicare prescription drug coverage.

Second: Compare your current coverage with one of the City of Scottsdale Medical Plan Options to the coverage available to you in the Medicare prescription drug plans available in your area.

Third: Decide whether or not you want to enroll in a Medicare prescription drug plan.

Keep in mind: If you want to enroll in a Medicare prescription drug plan for 2006, you must do so between November 15, 2005 and May 15, 2006. If you do enroll in a Medicare prescription drug plan, you may keep your current coverage with one of the City of Scottsdale Medical Plan Options.

If you do not enroll in a Medicare prescription drug plan, your coverage with this plan continues as long as you remain eligible.

For more information about this notice or your current prescription drug coverage contact Nancy Love, Sr. Benefits Analyst at (480) 312-2746 or Ken Nemec, Sr. Benefits Analyst at (480) 312-7803.

INFORMATION ABOUT THE MEDICARE PRESCRIPTION DRUG PROGRAM

You may have heard about Medicare's new prescription drug coverage and wondered how it would affect you and your current prescription drug coverage under the City of Scottsdale.

Starting January 1, 2006, prescription drug coverage will be available to everyone with Medicare. This coverage will be available through private Medicare prescription drug plans, called PDPs. All Medicare prescription drug plans will provide at least a standard level of coverage set by Medicare. Some prescription drug plans might also offer more coverage for a higher monthly premium.

In order to decide whether or not to enroll in Medicare Prescription drug coverage you will need to compare your current coverage under one of the City of Scottsdale Medical Plan Options to the Medicare prescription drug plans available where you live. You may want to compare the information about your current prescription drug coverage and the drug coverage Medicare offers, such as: the monthly premium, the drugs covered and not covered, the deductible, cost-sharing like copayments and coinsurance as well as mail order service and retail pharmacy locations.

People with Medicare can enroll in a Medicare prescription drug plan during Medicare's enrollment period (from November 15, 2005 through May 15, 2006). However, because you have existing prescription drug coverage that, on average, is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan at a later time. If you do not elect to enroll in Medicare's prescription drug plan from Nov. 15, 2005 through May 15, 2006, you will have the opportunity to enroll in a Medicare prescription drug plan, each year, between November 15th and December 31st.

REMEMBER TO KEEP THIS NOTICE

If you enroll, after May 15, 2006, in one of the new Medicare-approved prescription drug plans, you may need to give a copy of this notice when you join.

NOTE: You may receive this Notice at other times in the future (such as before the next period you can enroll in Medicare prescription drug coverage, and if this Plan's prescription drug coverage changes). You also may request a copy of this Notice at any time.

Important Notice from the City of Scottsdale For People with Medicare (continued)

WHAT ARE MY CHOICES?

You can choose either one of the following options:

Option 1: You can keep your current medical and prescription drug coverage with the City of Scottsdale, and you do not have to enroll in a Medicare prescription drug plan. You will continue to be able to use your prescription drug benefits through the City of Scottsdale. You may, in the future, enroll in a Medicare prescription drug plan during Medicare's annual enrollment period (during November 15-December 31 of each year). As long as you are enrolled in creditable drug coverage you will not have to pay a higher premium (a late enrollment fee) to Medicare when you do choose, at a later date, to sign up for a Medicare prescription drug plan.

Option 2: You can keep your current medical and prescription drug coverage with the City of Scottsdale and also enroll in a Medicare prescription drug plan. If you enroll in a Medicare prescription drug plan you will need to pay the Medicare Part D premium out of your own pocket. Having dual prescription drug coverage under this Plan and Medicare means that this Plan will coordinate its drug payments with Medicare, as follows:

- for Medicare eligible Retirees and their Medicare eligible Dependents, Medicare Part D coverage pays primary and this group health plan pays secondary.
- for Medicare eligible Active Employees and their Medicare eligible Dependents, this group health plan pays primary and Medicare Part D coverage pays secondary.

Note that you may not drop just the prescription drug coverage under this the City of Scottsdale. That is because prescription drug coverage is part of the entire medical plan. Generally, you may only drop medical plan coverage at this Plan's next Open Enrollment period. Note that each Medicare prescription drug plan (PDP) may differ. Compare coverage, such as: PDPs may have different premium amounts PDPs cover different brand name drugs at different costs to you; PDPs may have different prescription drug deductibles and different drug copayments; PDPs may have different networks for retail pharmacies and mail order services.

WHAT HAPPENS IF YOU DO NOT ENROLL IN A MEDICARE DRUG PLAN?

You should know that if you drop or lose your coverage with the City of Scottsdale and don't enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more to enroll in Medicare prescription drug coverage later.

If after May 15, 2006, you have a gap of 63 days or longer without creditable prescription drug coverage (creditable meaning that drug coverage is at least as good as Medicare's prescription drug coverage), and you decide to join Medicare's drug coverage, your monthly premium for that

Medicare drug coverage will go up at least 1% per month for every month after May 15, 2006 that you did not have either Medicare drug coverage or coverage under a creditable drug plan. This is referred to as a late enrollment fee.

For example, if 19 months pass where you do not have creditable prescription drug coverage, when you decide to join Medicare's drug coverage your monthly premium will always be at least 19% higher than what most other people pay. In addition, you may have to wait until the next November to enroll.

FOR MORE INFORMATION ABOUT YOUR OPTIONS UNDER MEDICARE'S PRESCRIPTION DRUG COVERAGE

More detailed information about Medicare prescription drug coverage plans will be available in October 2005 in the "Medicare & You 2006" handbook. A person enrolled in Medicare (a "beneficiary") will get a copy of this handbook in the mail from Medicare. A Medicare beneficiary may also be contacted directly by Medicare prescription drug plans. You can also get more information about Medicare prescription drug plans from these places:

- Visit www.medicare.gov for personalized help,
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number)
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

¿Cómo puede conseguir más información?

Información detallada estará disponible en octubre del 2005. Puede leer el manual de "Medicare y Usted 2006", visitar www.medicare.gov por el Internet o llamar GRATIS al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048. Para más información sobre la ayuda adicional con los costos de medicinas y como solicitar la ayuda, llame al SSA al 1-800-772-1213, o visite www.socialsecurity.gov por el Internet.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. Information about this extra help is available from the Social Security Administration (SSA). For more information about this extra help, visit SSA online at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

For more information about this notice or your current prescription drug coverage contact:

Joe Kisler, Acting Manager for Benefits
7575 E. Main Street
Scottsdale, AZ 85251
(480) 312-7600

As in all cases, the City of Scottsdale reserves the right to modify benefits at any time, in accordance with applicable law. This document is intended to serve as your Medicare Notice of Creditable Coverage, as required by law.

Benefit Provider Contact Numbers

Carrier Group Number	Address	Member Services Phone Number Website
Aetna EPO & PPO 883530	P.O. Box 14089 Lexington, KY 40512-4089	877-204-9064 www.Aetna.com
MMSI C149-1	5777 E. Mayo Blvd Phoenix, AZ 85054	866-206-5724 www.mmsiservices.com
Delta Dental 4207	P.O. Box 43026 Phoenix, AZ 85080-3026	800-352-6132 www.deltadentalaz.com
Assurant Dental 601483	P.O. Box 2940 Clinton, IA 52733-2940	800-443-2995 www.assurantemployeebenefits.com
Cigna Behavioral Health 3170920	P.O. Box 46270 Eden Prairie, MN 55344-6270	800-554-6931 www.cignabehavioral.com
ICMA-RC (Deferred Compensation) 30-0496	P.O. Box 96220 Washington D.C. 20096-6220	877-439-1144 www.icmarc.org Tom Axline – rep : taxline@icmarc.org
Arizona State Retirement System	3300 North Central Avenue Phoenix, AZ 85012-0250	602-240-2000 www.asrs.state.az.us
Public Safety Personnel Retirement System	3010 E Camelback Rd, Ste 200 Phoenix, Arizona 85016	602-255-5575 www.psprs.com
I Point Solutions (Flexible Spending)	101 S. Main Street Dickson, TN 37056	866-602-1900 www.lpointsolutions.com

Retirement Contribution Changes:

Arizona State Retirement System

Effective July 1, 2006 the employee and employer contributions for those employees covered under the Arizona State Retirement System (ASRS) will increase as follows:

Fiscal Year 2005-06	Employee	Employer
Retirement	6.90%	6.90%
Long Term Disability	0.50%	0.50%
Total	7.40%	7.40%
Fiscal Year 2006-07	Employee	Employer
Retirement	8.60%	8.60%
Long Term Disability	0.50%	0.50%
Total	9.10%	9.10%

Contribution rates are actuarially determined and approved by the ASRS Board of Trustees. The ASRS is a match plan, meaning the contribution rate applies to employees and employers.

Public Safety Personnel Retirement System

For the Public Safety Personnel Retirement System (PSPRS), employee contributions are set by State Statute at 7.65%. The City contribution rates are determined by actuarial valuation and reported to the City and Local Board by the Fund Manager. The City contribution for eligible police and fire personnel will increase from 11.03% to 15.25% effective July 1, 2006.

